

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1394.
FILED, JANUARY 28th, 1966.

METAL MINES LIMITED
(No Personal Liability)

Full corporate name of Company
Incorporated under The Quebec Mining Companies' Act
by Letters Patent dated December 16th, 1955.
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

Reference is made to previous
Filing Statement No. 1297.

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(See Item 1 on page 3.)																								
2. Head office address and any other office address.	Head Office - Suite 914, 1155 Dorchester Blvd. West, Montreal, Quebec. Executive Office - Suite 1600, 100 Adelaide St. West, Toronto, Ontario.																								
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<table><tr><td>President and Director</td><td>Ashton W. Johnston, 55 Edgehill Road, Islington, Ontario.</td><td>Mining Geologist</td></tr><tr><td>Vice-President and General Manager and Director</td><td>H. Brodie Hicks, 23 Princeton Road, Toronto 18, Ontario.</td><td>Mining Engineer</td></tr><tr><td>Secretary and Director</td><td>Leslie E. Wetmore, 1394 Milton Avenue, Port Credit, Ontario.</td><td>Accountant</td></tr><tr><td>Treasurer</td><td>William M. O'Shaughnessy, 200 Ridley Blvd., Toronto 12, Ontario.</td><td>Accountant</td></tr><tr><td>Director</td><td>W. Clarke Campbell, 95 Dunvegan Road, Toronto 7, Ontario.</td><td>Barrister and Solicitor</td></tr><tr><td>Director</td><td>Archibald B. Whitelaw, 11 Yorkleigh Avenue, Weston, Ontario.</td><td>Barrister and Solicitor</td></tr><tr><td>Director</td><td>John Beattie, 26 Whitehall Road, Toronto 5, Ontario.</td><td>Mining Executive</td></tr><tr><td>Director</td><td>Eliot Janeway, 311 East 50th Street, New York, N.Y. 10022, U. S. A.</td><td>Publisher and Economic Consultant</td></tr></table>	President and Director	Ashton W. Johnston, 55 Edgehill Road, Islington, Ontario.	Mining Geologist	Vice-President and General Manager and Director	H. Brodie Hicks, 23 Princeton Road, Toronto 18, Ontario.	Mining Engineer	Secretary and Director	Leslie E. Wetmore, 1394 Milton Avenue, Port Credit, Ontario.	Accountant	Treasurer	William M. O'Shaughnessy, 200 Ridley Blvd., Toronto 12, Ontario.	Accountant	Director	W. Clarke Campbell, 95 Dunvegan Road, Toronto 7, Ontario.	Barrister and Solicitor	Director	Archibald B. Whitelaw, 11 Yorkleigh Avenue, Weston, Ontario.	Barrister and Solicitor	Director	John Beattie, 26 Whitehall Road, Toronto 5, Ontario.	Mining Executive	Director	Eliot Janeway, 311 East 50th Street, New York, N.Y. 10022, U. S. A.	Publisher and Economic Consultant
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4. Share capitalization showing authorized and issued and outstanding capital.	The Company has an authorized capital of \$8,500,000.00 divided into 8,500,000 shares of the par value of \$1.00 each of which there are issued, outstanding and fully paid 7,215,700 shares.																								
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None.																								
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	None.																								
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	N/A																								
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.																								

<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>For the first quarter of 1966 the Company intends to continue production at its Gordon Lake nickel/copper property at approximately the same rate of output as in 1965, namely 600 to 650 tons per day. When the current development of new orebodies is more advanced, additional mill capacity is planned to allow daily production of 750 to 800 tons per day.</p> <p>Efforts will be continued to find a market for uranium oxide, which would permit reopening of the Bancroft uranium mine.</p> <p>Construction of the concentrating plant at Red Mountain Mines Limited will continue to completion, anticipated for early in March, 1966, after which production at an estimated rate of 400 tons per day will commence.</p> <p>A normal operation at Johnsby Mines Limited, in the Slocan District of British Columbia, at an approximate milling rate of 40 tons per day, is expected to continue in a routine manner.</p> <p>Drilling at the potash property of Prairie Potash Mines Limited currently underway will be continued for at least an additional four holes. Metallurgical testing with a view to developing a flow sheet for treatment of the ore will be carried out. Additional pre-production work is anticipated including plant design and market surveys.</p> <p>It is anticipated that the usual programme of general exploration throughout Canada will be continued.</p>
<p>10. Brief statement of company's chief development work during past year.</p>	<p>Production at the Gordon Lake copper/nickel property was continuous throughout the year at an average rate of approximately 600 tons per day. The development programme, which got underway about mid-year, has been successful in locating additional ore sources, and an increase in ore reserves at the end of 1965 over those reported in 1964 is anticipated.</p> <p>The uranium mine at Bancroft, Ontario, remained shut down throughout the year, but efforts continued to locate a market for uranium oxide, which would permit reopening of the property.</p> <p>The Johnsby silver/lead/zinc mine in the Slocan district of British Columbia, 50% controlled by Metal Mines Limited produced throughout the year at an average rate of 40 tons per day. A modest operating profit resulted.</p> <p>Diamond drilling of the Red Mountain Mines Limited's molybdenite property at Rossland, B.C., was completed during the year, and, in partnership with Canadian Nickel Company Limited, Metal Mines commenced the erection of a concentrating plant and other facilities necessary to bring the property to production at a rate of 400 tons per day. The work was continuing at year end.</p> <p>Drilling at the potash property of Prairie Potash Mines Limited in southwestern Manitoba was carried out during the year resulting in the discovery of what appears to be a commercial deposit of potash. A favourable feasibility report on the project was returned by Kilborn Engineering Limited.</p> <p>The Company carried out exploration work in a number of localities throughout Canada during the year on its own behalf, and as a partner in several prospecting syndicates.</p>

I T E M 1.

- (a) The grant to Royal Securities Corporation Limited on behalf of its principal Union Carbide of Canada Limited, 123 Eglinton Avenue East, Toronto, of an option to purchase the Company's holdings in Smelter Power Corporation consisting of 66,666 preference and 66,667 common shares for the sum of \$250,000.00. The sum of \$5,000.00 was paid for this option which amount will apply on the purchase price. Said option is exercisable on or before March 14, 1966;
- (b) The agreement of the Company to accept from Smelter Power Corporation its note in the amount of \$34,459.62 maturing in four years without interest except in the final year when interest will be payable in the amount of 6% per annum. This amount represents sums long outstanding on open account from Smelter Power Corporation;
- (c) Resignation of William McKee and appointment of John Beattie to the Board;
- (d) The present status of the Agreement between Prairie Potash Mines Limited and Canadian Nickel Company Limited, see Schedule "A" of the statement attached hereto;
- (e) The present status of the Agreement covering the claims in British Columbia acquired from Torwest Resources (1962) Limited, see Schedule "B" of the statement attached hereto;
- (f) The acquisition of a 90% interest, by staking, in 15 claims, 600 acres, in Projected Townships 2915 and 3105, Sakami Lake Area, New Quebec Territory, Quebec, for a total cost of \$1,629.00;
- (g) The present status of the affairs of the Company including its investment portfolio;
- (h) The terms of an Agreement between the Company and Louvicourt Goldfield Corporation with reference to certain Natural Gas Permits in the Province of Quebec, see Schedule "C" of Statement attached hereto;
(See Schedules "A", "B" and "C" on pages 4 & 5)

SCHEDULE "A"

Pursuant to the Agreement between Prairie Potash Mines Limited ("Prairie"), a company in which Metal Mines Limited holds 1,700,000 shares of the issued capital stock, and Canadian Nickel Company Limited ("Canico"), Canico has expended a total of \$271,578.84 in exploration and development on the potash prospects of Prairie in the Province of Manitoba.

According to the terms of the Agreement Canico is to receive 1,200,000 shares of the capital stock of Prairie for the expending of the initial \$250,000.00, being the first phase of the operation. Canico has commenced the second phase of exploration under which it has the right to expend not in excess of \$250,000.00 on the same terms, i.e. a further 1,200,000 shares of the capital stock of Prairie, and thereafter Canico has the right to purchase upon completion of phase No. 2, shares of the capital stock of Prairie at 40¢ per share as it may elect up to a maximum of 2,400,005 shares.

As of December 31st, 1965, Canico was entitled to receive a total of 1,303,578 shares of the capital stock of Prairie for

SCHEDULE "B"

Under Agreement with Torwest Resources (1962) Ltd. ("Torwest"), Metal Mines Limited ("Metal"), was granted an exploratory option on a group of mining claims in the Rossland area, Kootenay District, British Columbia, and has, in accordance with the terms thereof, elected to place the property into commercial production. In accordance with the terms of the Agreement, Metal has caused the incorporation of a new company, Red Mountain Mines Limited, Suite 625, The 925 West Georgia Bldg., Vancouver, British Columbia, to acquire the mining claims and provide it with sufficient funds to achieve commercial production.

Red Mountain Mines Limited has an authorized capital of 5,000,000 shares consisting of 3,000,000 Class "A" common shares and 2,000,000 Class "B" common shares. Under the terms of the Agreement Torwest receives 3,000,000 Class "A" shares and Metal 2,000,000 Class "B" shares. The holders of the Class "B" shares shall have the right to elect three of the five directors of the operating company.

SCHEDULE "B" (Continued)

The operating company shall create 6% secured income debentures, which shall be issued to Metal for expenditures incurred by Metal in the putting of the property into commercial production.

Distributable profits shall until the retirement of the income debentures be paid out as follows:

80% to holders of income debentures;

12½% to the holders of Class "A" shares;

7½% to a trustee for those entitled to \$750,000.00

out of proceeds from production in accordance

with the terms of option agreements with respect

to the claims held under option.

After retirement of the income debentures and so long as any part of the sum of \$750,000.00 aforesaid remains payable, profits shall be paid out as follows:

12% to the trustee aforesaid until the said sum of \$750,000.00 shall have been paid;

48% by way of an annual dividend on Class "A" shares;

40% by way of an annual dividend on Class "B" shares.

After the retirement of the income debentures and payment in full of the aforesaid sum of \$750,000.00, the Class "A" shares and Class "B" shares shall rank pari passu for dividends and for any distribution of capital.

By Agreement dated February 5th, 1965, Metal has assigned to Canadian Nickel Company Limited, one-half of all its right, title and interest in the aforesaid agreement with Torwest.

After return of capital expenditures Metal will have a 20% interest in Red Mountain Mines Limited.

SCHEDULE "C"

By Agreement with Louvicourt Goldfield Corporation the Company acquired a 50% interest in certain Natural Gas Permits located in the Montreal area. In order to acquire this interest the Company deposited with the Minister of Finance, Province of Quebec the sum of \$14,100.00. To date the Company has paid \$2,115.00 in rental and participated in the drilling to the extent of \$19,655.10.

FINANCIAL STATEMENTS

METAL MINES LIMITED

(No Personal Liability)

Incorporated under the laws of Quebec

BALANCE SHEET

December 31, 1965

ASSETS

Current assets:

Cash and Short term bank deposits	1,070,184	
Concentrates, at estimated sales value	867,090	
Accounts receivable and accrued interest	107,555	
6½% Mortgage receivable due June 15, 1966	119,900	
Supplies, at average cost	298,212	
Prepaid expenses	18,462	2,481,403

Investments and advances:

Prairie Potash Mines Limited:			
Shares, at cost		180,000	
Red Mountain Mines Limited			
Shares, at nominal value	1		
6% Income debentures	<u>326,000</u>	326,001	
Smelter Power Corporation:			
Shares, at nominal value	1		
Advances	<u>159,120</u>	159,121	
Other companies:			
Shares, at cost	518,120		
Advances	<u>87,500</u>	605,620	
Advances due from parent company		419,579	1,690,321

Fixed assets:

Buildings, plant and equipment	3,426,951	
Less Accumulated depreciation	<u>958,021</u>	
	2,468,930	
Mining claims, rights, properties and leases	5,316	2,474,246

Other assets:

Interest in power line, at cost	169,303	
Deferred development expenditures	<u>116,511</u>	<u>285,814</u>
		6,931,784

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	215,006	
Dividend payable	288,628	503,634

SHAREHOLDERS' EQUITY

Capital stock:

Authorized,	8,500,000 shares,	\$1.00 par value each	
Issued,	7,215,700 shares		7,215,700
<u>Deficit</u>			<u>787,550</u>
			<u>6,428,150</u>
			6,931,784

We certify the above to be in accordance with the records of the company and there has been no material change since that date.

100 Rodent Hills

Director

[Signature] Director

Toronto, Ontario,
January 31, 1966

METAL MINES LIMITED
(No Personal Liability)

STATEMENT OF INCOME

Year ended December 31, 1965

Sale of concentrates		3,040,285
Operating expenses		<u>2,538,156</u>
Income before undernoted items		502,129
Bancroft mine maintenance expenses	46,367	
Outside exploration	156,383	
Depreciation	340,923	
Amortization of deferred development	<u>21,775</u>	<u>565,448</u>
Loss before undernoted items		(63,319)
Add:		
Adjustment of a prior year's income taxes	49,396	
Profit on sale of fixed assets	97,609	
Option payment received	<u>5,000</u>	<u>152,005</u>
Net income for year		<u><u>88,686</u></u>

STATEMENT OF DEFICIT

Year ended December 31, 1965

Deficit at beginning of year		555,496
Add:		
Dividend declared	288,628	
Cost of land sold	<u>32,112</u>	<u>320,740</u>
		876,236
Deduct Net income for year		<u>88,686</u>
Deficit at end of year		<u><u>787,550</u></u>

January 31, 1966

METAL MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD JANUARY 1, 1965 TO SEPTEMBER 30, 1965

SOURCE OF FUNDS:

Net Income for Period	188,641	
Add:		
Depreciation	248,000	
Amortization of Deferred Development	<u>13,000</u>	449,641
Decrease in 6½% Mortgage Receivable		79,500
Disposal of Bancroft property		32,112
Rebate of Power Line Costs		<u>22,383</u>
		<u>583,636</u>

APPLICATION OF FUNDS:

Advances to Red Mountain Mines Limited		171,001
Additions to Plant and Equipment		77,938
Deferred Development Expenditures		20,781
Increase in Shares of Other Companies		11,100
Depredation Adjustment on fixed assets disposals		3,398
Increase in Working Capital as follows:		
Working Capital September 30, 1965	3,051,897	
" " January 1, 1965	<u>2,752,479</u>	<u>299,418</u>
		<u>583,636</u>

We certify the above to be in accordance with the records of the Company.

W. H. Roden Director C. W. Johnston Director

METAL MINES LIMITED
(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD OCTOBER 1, 1965 TO DECEMBER 31, 1965

Source of funds:

Net Loss for period	(99,955)		
Add:			
Depreciation	92,923		
Amortization of deferred development	8,775		1,743
Decrease in 6½% Mortgage receivable			10,600
Decrease in working capital as follows:-			
Working capital September 30, 1965	3,051,897		
Less Advance to other company transferred to investments from current assets	87,500		
	2,964,397		
Working capital December 31, 1965	1,977,769		
Less 6½% Mortgage transferred to current assets	119,900	1,857,869	1,106,528
			<u>1,118,871</u>

Application of funds:

Increase in advances to Red Mountain Mines Ltd.	155,000
Additions to plant and equipment	89,743
Deferred development expenditures	43,993
Advances to parent company	2,000
Dividend declared	288,628
Increase in investments	503,404
Cost of Bancroft property sold	32,112
Depreciation adjustment on fixed asset disposals	3,991
	<u>1,118,871</u>

We certify the above to be in accordance with the records of the company and there has been no material change since that date.

W. Roden/Chil Director

ABW Director

Toronto, Ontario,
January 31, 1966

I T E M 17.

METAL MINES LIMITED

SCHEDULE OF INVESTMENTS

JANUARY 7, 1966

<u>Security</u>	<u>Company</u>	<u>Book Value</u>	<u>Market Value</u>
66,666 Pref.Shs. Smelter Power Corp.) 66,667 Com. " " " ")		1.00	None
1,000,000 Com.	Johnsby Mines Ltd.	1.00	None
62,500 Common (Esc.)	Mount Nansen Mines Ltd.	1.00	None
1,700,000 Com.	Prairie Potash Mines Ltd.	180,000.00	None
30,931 Com.	Sonoma International Inc.	3,614.40	12,372.40
1,000,000 Common Red Mountain Mines Limited Class "B" Shs.		1.00	None
6% Income Debentures	Red Mountain Mines Limited principal amount	326,000.00	----
682,696 Common	Augustus Exploration Limited	514,503.59	327,694.08
6½% First Mortgage	Bowes & Cocks Properties Ltd. principal amount	119,900.00	---

The shares of Augustus Exploration Limited were acquired by the Company during the period September 1965 to December 31st, 1965, by purchase on the open market.

The Board of Directors of Augustus Exploration Limited and the Company interlock in that Messrs. Johnston, Hicks, Wetmore, Campbell and Whitelaw are Directors of both Companies.

During the period from September 1965 to December 31, 1965, certain officers of Augustus exercised options to purchase 133,000 shares of the capital stock of Augustus at 50¢ per share, pursuant to a Stock Incentive Option Plan granted by Augustus to certain of its directors and officers, details of which were set out in Filing Statement No. 80 of Augustus, filed with and accepted by the Canadian Stock Exchange. These shares were purchased for investment purposes and the optionees filed undertakings to this effect with the Quebec Securities Commission.

Other than the foregoing, the Board of Directors of Metal Mines Limited had no dealings either directly or indirectly in the shares of Augustus Exploration Limited during the aforesaid period.

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	N/A
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	N/A
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None of the Company's shares are held in escrow.
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	N/A
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>The Canadian Faraday Corporation Ltd., 1600 - 100 Adelaide St. West, Toronto, Ontario. (beneficial owner) 6,078,284 shares</p> <p>* E. T. Lynch & Co., 55 Yonge Street, Toronto, Ontario. 109,115 "</p> <p>* Davidson & Co., 25 Adelaide St. West, Toronto, Ontario. 44,229 "</p> <p>* Doherty Roadhouse & McCuaig Bros., 335 Bay Street, Toronto, Ontario. 30,259 "</p> <p>* Bache & Co., 5,996 Bache & Co. Inc., 17,191 360 Bay Street, Toronto, Ontario. 23,187 "</p> <p>* beneficial owner not known.</p>
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	The Canadian Faraday Corporation Limited, Suite 1600, 100 Adelaide St. West, Toronto, Ontario.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	(See Item 17 on page 10).
18. Brief statement of any lawsuits pending or in process against company or its properties.	None.
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None except in the ordinary course of business.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	<p>None of the Company's shares are in the course of primary distribution.</p> <p>Other material facts are as follows:-</p> <p>The 25% interest in 40 claims in Dalet Township, Province of Quebec has been dropped. A total of \$8,823.37 was expended in connection therewith.</p> <p>The options covering three different properties in Calvert Township have been dropped. A total of \$24,677.95 was expended of which \$6,720.00 was for option payments and the balance for exploration work.</p>

CERTIFICATE OF THE COMPANY

DATED January 14th 1966.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

METAL MINES LIMITED

"A. W. Johnston"

"L. W. Wetmore"

CORPORATE
SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

